

Inpatient rehabilitation facilities: changes under PPS

ISSUE: How is the new prospective payment system (PPS) for inpatient rehabilitation facilities (IRFs) working? How have IRFs changed their patterns of care in response to the PPS? This research begins our examination of inpatient rehabilitation facilities and their PPS.

KEY POINTS: The IRF PPS began January 2002. From 1999 to 2002:

- The number of Medicare cases increased 6 percent per year, from 390,000 to 464,000 beneficiaries.
- The number of cases increased in each rehabilitation impairment category (RIC), but the distribution of cases by diagnosis changed with major joint replacement, lower extremity, becoming the most frequent RIC.
- Patients' average length of stay in IRFs decreased by 16 percent, from 15.8 days in 1999 to 13.2 days in 2002. Most patients transferred to IRFs from acute hospitals also experienced a decrease in length of stay in the hospital, ranging from 2 to 14 percent.
- The case-mix index increased by 4 percent.

Most of the changes that have taken place in IRFs are similar to changes acute hospitals made in response to the hospital PPS when it was implemented.

ACTION: Commissioners should let staff know what additional information about IRFs they would like to include in the June chapter on IRFs and if there are significant issues they would like addressed.

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